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TREASURER FONG SELLS \$45 MILLION IN REFUNDING BONDS

SACRAMENTO--Capitalizing on improved market conditions to lower debt service costs to taxpayers, State Treasurer Matt Fong sold \$45 million in Public Works Board refunding bonds today.

The sale of the lease revenue leasing refunding bonds for the Department of Corrections saved taxpayers a gross amount of \$1.77 million in lower debt service payments. The proceeds of the sale will refund Department of Corrections 1991 Series A Bonds, which are associated with construction costs at the California State Prison in Imperial County.

The sale is the final of a series of refunding sales packaged together in a master refunding plan. The master refunding plan, which consolidated much of the preparatory work for each of the bond sales, allowed Fong to sell the individual issues when market conditions would yield greater savings for taxpayers. This refinancing program saved a total of just under \$33 million in gross reduction of bond payments.

"The refinancing plan I have initiated allowed us to capitalize on the fast-changing conditions of the market in a way that maximized savings for California taxpayers, as evidenced by today's sale," Fong said. "In today's competitive market, this is the type of innovative approach we need to stay ahead of the game."

Today's sale earned a true interest cost of 5.499037. The bonds were sold in a negotiated sale by a team lead by senior underwriter Bear, Stearns & Co., Inc.; co-senior managers J.P. Morgan Securities, Inc. and Prudential Securities Incorporated; and co-managers Alex. Brown & Sons Incorporated, Great Pacific Securities, Inc., and William E. Simon & Sons Municipal Securities Inc. The bonds were partially insured by MBIA Insurance Corporation.